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Study: Portland Harbor Superfund costs could reach \$2B

Portland Business Journal by Andy Giegerich , Business Journal staff writer

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A new report projects that cleanup of the Portland Harbor Superfund site could cost as much as \$2.2 billion.

The report, commissioned by three of the harbor's largest companies, also projected that as many as 9,000 workers could lose their jobs if the government-imposed clean-up lasts 10 years.

Gunderson LLC, Schnitzer Steel Industries Inc. and Vigor Industrial LLC ordered the study, which comes about a month before Gunderson and Vigor, along with several other Willamette River-area companies, will release a feasibility study to the **Environmental Protection Agency**. The study will reveal possible harbor clean-up measures along the Willamette's 10-mile stretch between the Fremont Bridge and Sauvie Island. The EPA will eventually issue final clean-up recommendations.

The process began in 2000 when high contaminant levels along the Willamette's upper reaches led the EPA to order Superfund cleanup measures.

After a public review of the feasibility study, the EPA will craft its proposals and release them roughly in the spring of 2013, said spokesman [Mark MacIntyre](#).

"This issue affects everybody in Oregon," said [Alan Sprott](#), a Vigor vice president. "The money, the commerce that comes through that harbor, the opportunities for economic development in the harbor affect everyone in the state."

The economic researcher The Brattle Group, whose staffers wrote the report from its San Francisco office, estimated that the range of cleanup costs could range from \$440 million to

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\$2.2 billion depending on the degree to which companies must dredge their nearby water.

EPA officials are studying the report as they continue to prepare their own cleanup recommendations.

"We understand the economics of cleanups everywhere, not the least of which are in the Portland Harbor," said Mark MacIntyre, a Seattle-based EPA spokesman. "It will always be a concern. At this point in the process, we're trying to get our arms around the science of what's there. We need to characterize what kind of risks (the harbor) might pose to the public and aquatic life there."

The report used data from several other EPA cleanup sites to make its estimates. The costs essentially come down to the level of polychlorinated biphenyls, the primary contaminant that drives Superfund risk calculations, found in nearby sediment. If the PCB level eventually deemed acceptable by EPA is 1,000 parts per billion, then the cost estimate would be closer to \$440 million. If the level is 150 parts per billion, companies would pay far more for cleanup.

The EPA has ordered cleanup at other Superfund sites to hit goals of 10,000 parts per billion, the report noted.

The job losses are based on a commonly used regional economic impact analysis tool, called IMPLAN, that projects 900 lost positions annually if the harbor cleanup costs reach \$1.2 billion. Of those, 421 jobs would be lost in firms directly responsible for funding the cleanup, 286 would be lost in industries that provide services to those companies and 206 would disappear as a result of lost household income.

Brattle Group economists also asked EPA officials to consider the amount of Portland Harbor fish a person must eat in order to experience ill effects.

"They need to know how (many) contaminants people are being exposed to," said David Sunding, a University of California economics professor who co-wrote the report. "The EPA doesn't know nearly enough about exposure, about how many people are getting sick because of the harbor being contaminated. The reason there's bipartisan consensus around doing an economic analysis of dredging is that it has to be somewhat commensurate with the benefits."

The Superfund project has captivated both city businesses and politicians for years.

"The political leadership of this community should be very concerned about the prospects that some of our major employers might spend hundreds of millions to address what may be an insignificant health risk," said Steve Novick, a former EPA attorney and a Portland City Council candidate. "On the other hand, we shouldn't just assume that there's no risk to anybody without finding out first."

Sprott said Vigor has spent \$500,000 in attorneys fees and other costs even though the Port of Portland has responsibility for the company's cleanup tasks. The clean-up clause was negotiated when Vigor bought Cascade General from the Port in 2000.

Vigor has paid the money to simply follow and monitor the Superfund process, Sprott explained.

He argues that the slow process may have dissuaded companies from expanding their waterfront facilities.

"It's difficult for companies to invest in their facilities and businesses because of the long review process," he said. "They'll eventually invest elsewhere. Look at the explosion of work being done at the ports of Vancouver and Longview (Wash.). They won't come to Portland harbor as long as this is going on. They'll do their due diligence, make decisions and move on. I guarantee there are companies that have done that and nobody's heard about it."

MacIntyre said the agency simply needs to make sure it examines every scientific angle. That said, it will carefully study the Brattle report.

"We feel like (the Brattle) report has a lot of data that's going to be useful, but these kinds of studies typically involve a lot of speculative stuff, theoreticals and gaps that can't be quantified right away," he said. "While we'll look at it and think about the economics, we have to remain focused on our mission, which is the scientific piece of it, and what we need to do to reduce the risks."

Andy Giegerich covers government, law, health care and sports business.